GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:3141
ANSWERED ON:05.12.2016
Performance of Steel PSUs
Jena Shri Rabindra Kumar;Venkatesh Babu Shri T.G.

Will the Minister of STEEL be pleased to state:

(a) the details of the operating ratio, operating profit, net profit/loss and debt to equity ratio of all public sector steel companies including SAIL during each of the last three years, PSU-wise;
(b) whether the SAIL is facing a cash crunch during the said period, if so, the details thereof and the reasons therefor; and
(c) the corrective steps taken/proposed to be taken by the Government to cut operational cost, improve efficiency and profits of all the steel PSUs?

Answer

THE MINISTER OF STATE FOR STEEL (SHRI VISHNU DEO SAI)

(a) The details of the operating ratio, operating profit, net profit/loss and debt to equity ratio of Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL), during each of the last three years is given below:

SAIL

Sl. No.	Particulars	Unit	Financial Year 2013-14	2014-15	2015-16
1	Operating Ratio	Ratio (%)	0.97	0.95	1.16
2	Operating Profit(+)/Loss(-)	Rs. in Cr	4192	3813	-5152
3	Net Profit(+)/Loss(-)	Rs. in Cr	2616	2093	-4137
4	Debt to Equity Ratio	Ratio	0.59 :1	0.69:1	0.85:1

RINL

Sl. No.	Particulars	Unit	Financial Year 2013-14	2014-15	2015-16
1	Operating Ratio	Ratio (%)	95.19	97.03	116.52
2	Operating Profit(+)/Loss(-)	Rs. in Cr	578.40	276.46	(-)1484.98
3	Net Profit(+)/Loss(-)	Rs. in Cr	366.45	62.38	(-)1420.64
4	Debt to Equity Ratio (times)*	Ratio	0.41	0.75	1.05

*Preference Share Capital of Rs. 1,457 crore was redeemed during the above period, completing total redemption of Rs. 2,937 crore in the last 5 years.

Contdâ€¦2/-

(b) Due to subdued growth in consumption of steel and excessive imports leading to lower prices, the Indian Steel Industry has been going through a tough time. As a result of the same, the average Net Sales Realisation (NSR) for SAIL dropped sharply. The reduction in NSR of 20.3% during 2015-16 over 2014-15 has impacted the profit by Rs. 8392 crore. After notification of Minimum Import Price (MIP) and anti-dumping duty by the Government, the prices have started increasing to some extent. However, the price of imported Coking Coal (which is a prime and essential raw material for production of steel) has started firming up from July 2016 onwards. The drop in NSR coupled with increased prices of coal has led to cash deficit in operation which has been met by way of additional borrowings from the market as well as the Banking System.

Accordingly, the borrowings have increased from Rs. 29898 crore as on 31.3.2015 to Rs. 35144 crore as on 31.10.2016. The interest expenses have also gone up from Rs.1454 crore during 2014-15 to Rs. 2047 crore in 2015-16.

(c) The corrective steps taken by the Government are as under:

(i) Government has notified Mines And Minerals (Development And Regulation) Amendment Act, 2015 to streamline grant of Mining Leases in order to maintain sufficient availability of raw materials for various sectors including steel sector.

(ii) Increased peak rate of Custom Duty on steel to 15%. Effective rate of import duty was increased in phases to 10% on Long products and 12.5% on Flat products from pre-revised level of 5% and 7.5% respectively.

(iii) Against a petition by the domestic steel producers, Safeguard duty on HR Coils of 20% notified in September, 2015 provisionally and final notification issued for the same in March, 2016 extending 20% Safeguard duty up to September, 2016. Thereafter, phased reduction to 18% (till March, 2017), 15% (till September, 2017) and 10% by March, 2018.

(iv) The Government of India notified Minimum Import Price (MIP) on select steel products (05.02.2016) and further extended it on certain steel products for two months with effect from 05.08.2016 and again for two months with effect from 05.10.2016.

(v) Provisional Anti-dumping duty notified on import of flat products (Hot Rolled & Cold Rolled) and on Wire Rods from China, Japan, Korea, Russia, Brazil, Indonesia & Ukraine vide notifications dated 08.08.2016, 17.08.2016 and 02.11.2016.

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